

U.S. Government Report on Responsible Investment in Burma - Public Report

May 27th 2015

1. Name:

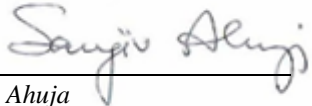
Tillman Global Holdings (the “Submitter”), on its indirectly held subsidiary Apollo Towers Myanmar Ltd.

2. Acknowledgement:

The Submitter understands that this report will be made public.

Tillman Global Holdings LLC

By:


Sanjiv Ahuja
Chairman

3. Point of Contact for Public Inquiries Regarding this Report:

Matthieu Rupied
Chief Officer Sourcing, Supply Chain, Admin and HR
Apollo Towers Myanmar Ltd.
Email: responsible-investment@apollo-towers.com

4. Overview of Operations in Burma

a. Name of Company Operating in Burma covered by this report:

Report on Apollo Towers Myanmar Ltd (“Apollo Towers” or “Apollo” or “the Company”), incorporated in Burma, indirectly held (via holding company in Singapore) by Tillman Global Holdings, a U.S. company.

b. Nature of business in Burma:

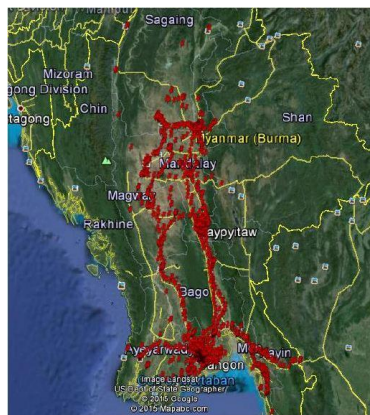
Apollo Towers’ mission, in conjunction with all licensed telecom operators, is to enable all citizens of Burma to benefit from low cost, high quality, always-available cellphone coverage and other advanced telecom services.

In order to modernize the telecommunications infrastructure of Burma, which currently has one of the lowest telephony connectivity rates in Asia, Apollo Towers has completed its first order of 1,000 towers, and will continue to build and operate telecom towers throughout the country, hosting telecommunications equipment, including the provision, operation and maintenance of power solutions, for all licensed in-country operators. Working in cooperation with both national and local regulating bodies (e.g. YCDC, MCDC, NCDC, MIC, MICT and various ministries), Apollo has nearly completed Phase I of deployment and is breaking ground on Phase II. Telenor, a Norwegian state backed telecom operator, is Apollo’s initial anchor tenant, with prospected co-locations from other tenants.

c. Locations of Operation in Burma:

Apollo Towers leases land access under long-term agreements for the construction of towers across Burma. Phase I has seen towers erected in 9 of the 15 states of Burma (Yangon, Mandalay, Naypyitaw, Bago, Ayeyarwady, Magway, Sagaing, Mon and Kayah). Phase II will include these states as well as the remaining six states (Kayah, Kachin, Tanintharyi, Chin, Shan and Rakhine).

Currently, Apollo Towers leases land from two Government bodies; the Ministry of Energy and the Ministry of Home Affairs. Lease payments are made into a bank account of the relevant Ministry or Department under the Ministry and fall under the \$500,000 threshold for reporting.



Apollo Towers headquarters are based in Yangon, with additional offices in Mandalay and Naypyitaw.

Apollo Towers Myanmar HQ

3rd Floor Co-Operative Business Centre
Corner Sayarsan Road and New University Avenue
Bahan T/S, Yangon

Mandalay Office:

Room No. D (508)
Shwe Phyu Plaza
Between 77th, 78th Street and 32nd, 33rd Street
Chan Aye Thar Zan Township, Mandalay

Naypyitaw Office:

No 464 Ngu War Street
Tha Pyay Gone Quarter
Nay Pyi Taw

Tillman Global Holdings is headquartered in New York City.

Tillman Global Holdings LLC
1 Central Park West, #28A
New York, NY 10023

d. Approximate Number of Employees in Burma During the Reporting Period:

Apollo Towers began operations less than two years ago, and has grown to 139 employees in-country, of whom 76 are local Burmese citizens. Apollo Towers began staffing primarily with expatriates, and has now transitioned to employ local staff wherever possible.

Apollo Towers' construction projects are undertaken through subcontractors who directly employ local workers.

5. Human Rights, Worker Rights, Anti-Corruption, and Environmental Policies and Procedures:

Responsible Business Conduct

Apollo has enacted a far-reaching "*Policy on International Business Conduct*" that expressly prohibits any violation of Burmese law, corruption or bribery in any form, and violation of human rights, which applies to every employee, contractor, business partner or other Third Party, articulating Apollo's zero-tolerance enforcement. Apollo Towers' senior executives remain highly alert to any actual or perceived violations of human rights, anti-corruption, or environmental policies.

Apollo Towers are alert to the following *Red Flags when appointing Third Parties*:

- Past accusations or instances of improper business practices involving the employee, Third Party or Government Official.
- An employee, Third Party or Government Official has a reputation for bribery or kickbacks.
- An employee or Third Party has a family or other relationship that could improperly influence the decision-making process at issue (e.g. an apparent affiliation or close relationship with a Government Official).
- An employee or Third Party suggests that he or it has or can make “special arrangements” with regard to the decision-making process or action at issue.
- An employee or Third Party seeks an unusually large payment or commission, or seeks payment or commission before the announcement of the decision or action at issue.
- An employee or Third Party suggests that bids or other requests or applications be made through a specific individual, firm or other entity.
- An employee or Third Party requests that a commission or other payment be made in a third country or to another name, in cash or in another concealed fashion.
- An employee or Third Party is reluctant to provide requested information.
- An intermediary is involved for no apparent good reason.
- A Third Party is unwilling or reluctant to provide requested certifications with respect to corrupt practices.

Environmental and Social Management System (“ESMS”)

Apollo recognizes the importance of community stakeholder engagement in order to prevent any possible adverse effects as a result of its operations.

As operations are extended into conflict affected regions, such community engagement (prior, during and after operations) is of increasing importance, not only to address stakeholder concerns, but also to ensure the safety of our employees and workers.

As a result, Apollo Towers is currently in the process of designing and implementing a cohesive Environmental and Social Management System in accordance with applicable IFC 2012 Performance Standards. Such a management system will aim to optimize the prevention of adverse effects on stakeholders as well as ensure an effective and comprehensive response action plan if and when any potential adverse effects occur.

Two separate grievance mechanisms will be included in the ESMS: one aimed at hearing and addressing any external stakeholder and community grievance, the other seeking to hear and address grievances from employees and subcontracted workers.

These mechanisms will include reasonable timelines for responses to any potential grievance; clear channels for escalation within the project; avenues for appeal if a response is not satisfactory; dedicated resources; and appropriate tracking and reporting procedures.

For a Worker Grievance Mechanism, the guidelines below are being used as Apollo Towers designs the ESMS:

- *Information:* All workers shall be informed about the grievance mechanism at time of hiring, and details about how it operates should be easily available, for example, included in worker documentation or on notice boards.
- *Transparency:* Workers must know to whom they can turn in the event of a grievance and the support and sources of advice that are available to them. All line and senior managers must be familiar with their organization's grievance procedure.
- *Accuracy:* The process shall be regularly reviewed and kept up to date, for example, by referencing any new statutory guidelines, changes in contracts or representation.
- *Confidentiality:* The process shall ensure that a complaint is dealt with confidentially. While procedures may specify that complaints should first be made to the workers' line manager, there should also be the option of raising a grievance with an alternative manager, for example, a human resource (personnel) manager.
- *Non-retribution:* Procedures shall guarantee that any worker raising a complaint will not be subject to any reprisal.
- *Reasonable timescales:* Procedures should allow for time to investigate grievances fully, but should aim for swift resolutions. Time limits should be set for each stage of the process, for example, a maximum time between a grievance being raised and the setting up of a meeting to investigate it.
- *Right of appeal:* A worker should have the right to appeal to a higher level of management if he or she is not happy with the initial finding.
- *Right to be accompanied:* In any meetings or hearings, the worker should have the right to be accompanied by a colleague, friend or representative.
- *Monitoring:* Written records shall be kept at all stages. The initial complaint should be in writing if possible, along with the response, notes of any meetings and the findings and the reasons for the findings.
- *Regulation:* Workplace processes shall be compliant with Burmese law.

In addition, Apollo Towers is in the process of identifying alternative channels for hearing grievances from those who are illiterate and/or unable to use a phone or other remote forms of communication.

6. Arrangement with Security Service Providers:

Phase I Risk and Security Assessment

For its first phase of construction, Apollo Towers has not identified a need for private security protection for any of its employees. Tower sites, however, have been and will continue to be secured by fences, electronic padlocks, and real-time access control systems.

For a small number of sites, where the installation of passive security measures has been delayed, security providers service the sites, mainly to prevent fuel theft from diesel generators. These security personnel do not carry any form of arms.

Security Service Provider

For the service of certain vulnerable sites, Apollo Towers employs IDG Myanmar Co Ltd, a British owned private company, part of the IDG Security Group of international security companies, registered in Singapore in August 2001 and now registered in several countries including Singapore, Thailand, Myanmar, Nepal, India, Afghanistan, UAE and UK.

IDG recruits its core staff among ex-servicemen from the British Army, Indian Army and Singapore Police. Each employee is personally selected by IDG senior management.

Contact:

IDG Myanmar Co Ltd
House L21, FMI City, Hlaing Thar Yar Township
Yangon, Myanmar 11401
T: +95 (0)1687290 • M: +95 (0)97 9632119
Email: gyan.limbu@idg-security.com
Web: www.idg-security.com

IDG Myanmar is not a signatory to the International code of Conduct for Private Security Service Providers.

On February 15th 2008, IDG Security Pte Ltd. signed and submitted a letter to the Secretary-General of The United Nations, stating its support of the ten principles of the United Nations Global Compact initiative.

This letter can be found on Global Compact's webpage:

https://www.unglobalcompact.org/system/commitment_letters/5062/original/UN_Global_compact_Feb_08.pdf?1266604928

Phase II Risk and Security Assessment

Moving into its second construction phase, which will take place in some insurgent areas, Apollo Towers is developing a Security Management Plan, incorporating an assessment of project security risks in alignment with the IFC's Performance Standard 4 and the Voluntary Principles on Security and Human Rights. The outcome of such an assessment will determine the need to hire private security contractors for Phase II.

In addition to understanding security risks, Apollo Towers recognizes the importance of communication and engagement with local stakeholders prior to entering any region, to minimize potential conflict and ensure appropriate consultation regarding the activities to be undertaken. Such stakeholder engagement will be done in alignment with all commercial partners, including Telenor.

If the need for security service providers arises, Apollo Towers will make reasonable enquiries to ensure that those providing security are not implicated in past abuses and an

approved contractor will train them adequately in the use of force, and appropriate conduct towards workers and affected communities. Apollo Towers will implement a grievance mechanism for affected communities to express concerns about the security arrangements and acts of security personnel.

Apollo Towers considers, and where appropriate, will investigate all allegations of unlawful or abusive acts of security personnel and take action to prevent recurrence, and will report unlawful and abusive acts to public authorities.

7. Property Acquisition:

Apollo Towers does not own or purchase any land or real estate, as Burmese law prevents foreign nationals from owning land or property.

Apollo Towers leases the land plots for greenfield telecom towers, as well as the right to erect towers on rooftop sites. Currently, Apollo Towers has leased approximately 1,200 sites across Burma and is expecting to lease another 600 sites in 2015. Currently, sites are leased in 10 of the 15 states, with the expectation to have leased sites in all 15 states by the end of the year. In addition, Apollo Towers leases offices and a number of dwellings for expatriate employees.

The individual value of each transaction does not exceed the \$500,000 threshold per year per site. Similarly, no plot exceeds 30 acres.

Furthermore, as the size of the plot required for the erection of a greenfield telecom tower is relatively small, and the flexibility of site coordinates relatively high, Apollo can avoid plots of land that would require any involuntary resettlement. To date no involuntary resettlement has been required or taken place, to the best of Apollo's knowledge.

Land Lease Due Diligence

All sites are leased on commercial terms with no involuntary lease or resettlement, to the best of Apollo Towers knowledge.

For each site, a selection of an average of three potential site locations is identified in order to ensure flexibility and minimize reliance on a particular site nominal. This ensures headroom during site acquisition and allows Apollo Towers to minimize any social impact.

For each potential site, the site acquisition team fills out a site acquisition report ("SAR"), outlining technical suitability as well as details on the landowner and property.



As part of the SAR, the following information is documented:

Owner:

- Type of owner (i.e. Company; Private; Government; Other) with relevant specifications;
- Name and contact details of owner;
- Company responsible for property management, where applicable;
- Whether the owner is featured on the OFAC SDN list;
- If owner is a company, whether the company has a registration certificate;
- If the owner is an individual: Name of the owner on ID card; ID card number; Copy of ID card;
- Existence of any documentation of recent (past 12 months) change of ownership.

Property:

- Type and/or use of property (i.e. Cultivated Land; Commercial; Residential; Ditch/Low Land; Forest);
- Whether the land is Grant Land, and 'If Yes' a copy of the grant deed;
- Whether the land is within any Archeological/Cultural/Heritage zones.

The SAR officer is required to enquire with neighbors and township administrators in order to verify the information provided by the property owner. Based on the SAR report, the SAR officer will provide Apollo with a site risk assessment with regards to HSSE and legal requirements (i.e. Low; Medium; High)

Upon filing of the SAR report, Apollo's local legal team performs internal reviews to ensure that the person providing such documents is the real and true owner, and further, to ensure that the owner is not recorded on the OFAC SDN list.

8. Military Communications:

Some of the land where operators desire to locate towers (to achieve reliable cell phone coverage throughout the country), is owned by the military. Apollo has, along with other tower companies, met with military officials solely regarding leasing arrangements. These discussions are in essence identical to those of other potential tower site leaseholders.

Considering the long history of military confiscation of land, a member of the relevant site acquisition team enquires with neighbors and local authorities regarding ownership of the land. If the local authority state that the land is owned by the Government, the specific Ministry is approached.

To date, all applications for Military owned land lease by Apollo Towers have been rejected by the Ministry of Defense.

9. Transparency:

NFS (C) License

Apollo Towers has paid a license fee of 12,5m MMK (approximately 12,500 USD) to the Post and Telecommunications Department (PTD) for its Network Facility Service Class (NFS C) License. The License grants Apollo Towers the right to construct, deploy and maintain passive Telecommunications Network infrastructure and to lease such infrastructure to an NFS (I) Licensee.

Payment was made to the Department of License and Inspection, Post and Telecommunications Department.

10. Point of Contact:

Responsible-investment@apollo-towers.com

11. Risk Prevention and Mitigation:

Health and Safety Risk Mitigation and Prevention

Apollo Towers recognizes the primary business concern of safeguarding and promoting the health and safety of its employees, contractors' employees and of all who may be affected by the activities carried out in relation to tower construction and operation (including members of the public community).

Apollo Towers is committed to ensuring that all employees work in a safe and healthy environment where precautions are taken to minimize risk and to reduce accidental injury, damage and loss. Specific site induction procedures have been developed for employees that work onsite, which includes safety awareness, training and the identification of possible risks/hazards that exist or may exist on site. To ensure continuous compliance, Apollo Towers has an appointed HSE representative as part of the full time staff.

Further, Apollo Towers requires all subcontractors to comply with its HSE policies, which are provided prior to commencement of the project.

Methods for communication of health and safety issues to site workers include:

- Health and safety induction;
- Provision of health and safety handbook;
- Documented visit reports addressing works progress and HSE matters;
- The designated safety notice board(s) on the project are displayed at relevant locations;
- Appropriate signage;
- Monthly meetings.

Worker Rights, Human Rights Risk Mitigation and Prevention

An organization is inherently affected by the host country's past and present record of addressing human rights as well as by the nature and maturity of the industry in which it operates. Taking into consideration Burma's relatively low human rights index, and the relatively early phase of the telecommunications industry in Burma, Apollo Towers understands the need to be alert and agile in addressing human rights issues.

While the 2008 Constitution have introduced various new labor laws, discrepancies between regulation, awareness and practice still exist. These gaps may pose risks associated with human rights for any company operating in Burma.

In light of this, Apollo Towers has articulated policies to address relevant human rights issues and to bridge any gap between existing local laws and international standards, and will continue to develop such policies alongside the development of the civil society in a manner that is culturally appropriate.

As part of its due diligence efforts Apollo Towers have consulted external experts, specifically for issues pertaining to social and community engagement, security, and health and safety (please refer to point 5).

Furthermore, Apollo Towers' owners and management are seasoned telecommunications agents with significant experience operating in emerging markets.

a. Sub-Contracting and Procurement Practices

Apollo Towers requires all subcontractors to adhere to applicable laws and regulations as well as to Apollo's Environmental and Social Management policies and *Policy on International Business Conduct* (as mentioned in point 5). This requirement is articulated in the relevant framework agreement, signed by both (all) parties.

Apollo Towers' appointed subcontractors and suppliers are international firms, with relevant operational and social policies and procedures in place. As part of its due diligence, Apollo requires its suppliers and subcontractors to supply these policies prior to entering into a contractual agreement.

b. Non-Discrimination and Equal Opportunities

Apollo Towers does not discriminate with regards to age, gender, ethnicity, religious belief, disability, HIV/Aids, sexual orientation or economic status.

c. Freedom of Association and Collective Bargaining

Apollo Towers does not oppose the right of workers to Freedom of Association and Collective Bargaining. It is the policy of Apollo not to stagnate or suppress any indication of association among workers or employees.

d. Child Labor

It is against the policy of Apollo Towers to employ persons below the legal age limit of 15 years, and below the age of 18 for construction work or any hazardous work. In order

to mitigate the incidence of child labor, Apollo contractors are required to document names and ages by checking national identification cards prior to hiring.

Apollo Towers have sought advice from ILO in Myanmar on issues pertaining to child labor and how best to mitigate the associated risks in ways that is culturally appropriate.

e. Forced and Compulsory Labor

The incidence of forced labor in Burma is almost exclusively connected to Tatmadaw (the armed forces).

Regardless, in accordance with international standards, it is the policy of Apollo Towers to provide all its employees with a written, mutual employment agreement, which outlines tasks and responsibilities, reporting hierarchy, payment and other benefits, working hours/break times/weekly holidays, holiday leaves, and procedures for termination.

f. Security Practices

As mentioned in Point 6 of this report, Apollo Towers is in the process of developing, in consultation with external experts, a security risk assessment for insurgent regions, followed by an appropriate security action plan.

g. Indigenous Rights

As part of the process of developing a comprehensive Environmental and Social Management System (ESMS), Apollo taking into consideration the community composition of the different regions. The goal is to develop a stakeholder engagement plan and grievance mechanism that will be able to address various ethnic in a way that is culturally appropriate. This includes communicating and addressing local communities in the relevant local language, and ensuring any and all ethnic minorities are represented.

12. Conclusion

This is Tillman Global Holdings' second submission of a Responsible Investment Report on Apollo Towers Myanmar, outlining Apollo Towers' ongoing due diligence efforts.

Apollo Towers understands that social and environmental performance is critical to the success of its business and to a sustainable national rollout of telecommunications services.

Key efforts initiated and developed since incorporation include:

- Due Diligence and risk assessment efforts to understand conditions specific to the Burmese market;
- Development of project - phase specific processes and manuals, appropriate in size and scope for our undertaken activities;
- Development of a comprehensive *Policy on International Business Conduct and Third Party Business Conduct*;

- Development and implementation of appropriate Health & Safety policies and procedures;
- Definition of a Corporate Social and Cultural Policy statement;
- Initiation of the development of a Security Action Plan in anticipation of operations in conflict affected regions;
- Development of an Action Plan to design an overarching Environmental and Social Management System;
- Development of a Community and Stakeholder Engagement plan, including two comprehensive grievance mechanisms

As a company, Apollo Towers is committed to continue to develop and implement policies and systems that recognize all our stakeholders and that adheres to international standards of business conduct.